ABSTRACT

The Sustainability of Financial Management Unit (UPK) as Microcredit Institution for Rural PNPM Mandiri

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The Rural PNPM Mandiri is one of the poverty alleviation program conducted by the government of Indonesia. One of the subprojects on this program is providing micro financing for community managed by Unit Pengelola Kegiatan (UPK) or Financial Management Unit based in kecamatan. The purposes of the research are: (1) Getting general description of UPK’s performance conditions and its efficiency level; (2) Finding out the relation among several performance indicators and efficiency level of UPK; (3) Providing suggestions to the program about the implementation of micro financing activities as its subproject. The research is using Data Envelopment Analysis Method to find out the efficiency level and also using Pearson Product Moment to see the correlation between efficiency levels and the variable of UPK’s performance indicator. The results of analysis, which conducted on 300 UPKs, shows that the average technical efficiency of UPK to manage micro finance activities is 0.368. The number of UPK with efficiency score equal to 1 or being considered as very efficient are 15 UPKs. The analysis of relationship among efficiency level with several performance variables of UPK shows several results as follow: (1) there is no significant correlation between the duration of existence and efficiency level of UPK; (2) there is a significant correlation between capitals and efficiency level, but the correlation is low; (3) there is a significant correlation between assets and the efficiency level and the level correlation is fairly strong ; and (4) there is also a significant of correlation between outstanding and efficiency and the correlation is fairly strong. The fact that average efficiency is low and only 15 UPKs considered being very efficient, it is suggested that others UPK should improve their performances and use 13 efficient UPK as their benchmarking on managing UPK.